

Institutional Vulnerability and Strategic Responses in Today's Market

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About Stamats

Stamats is recognized and respected as the nation's higher education integrated marketing thought leader. Our comprehensive array of innovative services has set the standard for pairing insightful, research-based strategic counsel with compelling creative solutions. We promise our clients the highest level of professional service and attention to detail in the industry because, in the end, we know our success is measured entirely by theirs.

Research, Planning, and Consulting Services

- Image, perception, and brand studies
- Recruiting, marketing, brand, and academic program marketability audits
- Tuition pricing elasticity and brand value studies

Creative Services

- Creative concepting
- Web strategies
- Recruiting and advancement publications



Stamats On Your Campus



Stamats has a wide array of presentations & workshops—like this one—that we conduct on campus for departments, senior leadership teams, and boards

A partial list of sessions includes:

- Major Trends That Will Impact Your Ability to Recruit Students, Raise Dollars, and Market Your Institution
- Moving Ahead With Confidence
- Developing an Integrated Marketing/Brand Marketing Strategy

Please contact me for a complete list or to discuss a session for you in greater detail. Thank you. Bob

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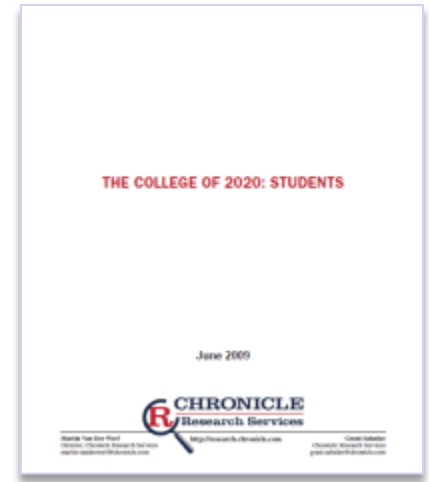
This Excerpt

- This is an excerpt of a much larger session on assessing, and responding, to institutional vulnerability



Chronicle: College 2020

- Three types of schools:
 - Flagships and well-branded
 - Will do well
 - The colleges in the middle
 - Unknown, underfunded privates and publics that largely focus on residential, full-time students
 - Commodity (public and private, for-profit)
 - Most will at least do OK; some will do well



Eight Key Areas

- Drawing on research, existing literature, and best practices, let's look at the colleges in the middle through eight lenses:
 1. Institutional type and description
 2. Leadership and governance
 3. Finance
 4. Academic programming
 5. Recruiting and financial aid
 6. Retention
 7. Fundraising
 8. Marketing



Queuing Up on the Front Porch

- Every college has at least some of these issues
- Colleges in the middle have a preponderance of these issues



Institutional Vulnerability



- Institutional type and description:
 - Private
 - Rural/remote
 - Small < 2,000 students
 - High discount rate/low net tuition revenue
 - Focus almost exclusively on traditional, residential undergraduate students



Institutional Vulnerability



- Leadership and governance:
 - President has been in place for <4 years or >12 years
 - Vision is not compelling nor differentiating
 - Senior team is not cohesive
 - Trustees and senior team are at cross-purposes
 - Unable to identify blue ocean initiatives
 - Faculty are bi-modal: <35 and >55
 - Inability to agree on challenges school is facing
 - Unable to make tough decisions in a timely fashion
 - Cut resources in revenue-generation areas:
 - Recruiting
 - Fundraising
 - New programs
 - Managing rather than leading



Institutional Vulnerability



- Finance:
 - Cost to attend is higher than major competitors
 - Less than 3:1 ratio between endowment and operating budgets
 - No cash reserves
 - Short-term “bridge” financing required in final quarter of academic year
 - Increase in uncollectable receivables
 - Debt service more than 10% of annual budget
 - Few unallocated dollars (little ability to invest in a blue ocean initiative)
 - Few strategic alliances/networks/associations/consortia that allow you to achieve economies of scale
 - Bond rating has been lowered
 - Salary freezes
 - Reductions or eliminations to retirement contributions
 - Suspension of capital expenditures



Institutional Vulnerability



- Academic programming:
 - Focus largely/solely on liberal arts; much less emphasis given to pre-professional programs
 - Traditional faculty undermine new academic initiatives
 - No new degree program offered in last two years or degree programs designed without marketplace data
 - Takes longer than one year to bring new program on line
 - Complex core precludes transfer-student recruiting
 - Academic programs are largely indistinguishable from competitors
 - Too many majors with too few students



Institutional Vulnerability



- Recruiting and financial aid:
 - Understaffed
 - Focus largely on residential undergraduate students
 - No segmentation of prospective students
 - No transfer recruiting strategy
 - Aid for current students is disproportionately loan based
 - Aid is disproportionally focused on new students
 - Have a high discount rate (uncertain brand value)
 - Qualification for federal financial aid has been downgraded
 - Parents push back on tuition increases; insist on repackaging of aid



Institutional Vulnerability



- Retention
 - Pressure to get the class has undermined ability to shape the class
 - More students who are not a good fit
 - Students from the lower third of their high school class have less than a 20% probability of graduating in eight years (Townsley)
 - First year to second year and four-, five-, and six-year graduation rates are slipping
 - 75/75 rule



Institutional Vulnerability



- Fundraising:
 - Understaffed
 - Annual giving is flat or declining
 - Less than 20% of alumni give to annual fund
 - Still doing annual fund annually
 - Capital giving is flat or declining
 - Campaigns are taking longer to close
 - Donors backing out of their commitments
 - Trustees do not financially support the institution at a significant level
 - Size of donor pool is stagnant
 - No giving pyramid



Institutional Vulnerability



- Marketing:
 - Marketing is seen only as promotion
 - Political issues are confused as marketing issues
 - No brand
 - Have not embraced an integrated marketing model
 - Marketing plan does not dovetail with recruiting and fundraising plans
 - Do not measure marketing effectiveness



Is the Model Broken?

- Our historic model of higher education depends on a sufficient number of traditional-aged students who are willing to pay a large portion of their tuition
- Considerable data suggests that this pool of students is declining and there is no data to suggest that, at least nationally, the pool will get larger
- If schools that largely serve traditional students wish to get larger, someone has to get smaller
- In the future, full-time, residential, private higher education will simply be beyond the reach of anyone but the most affluent

